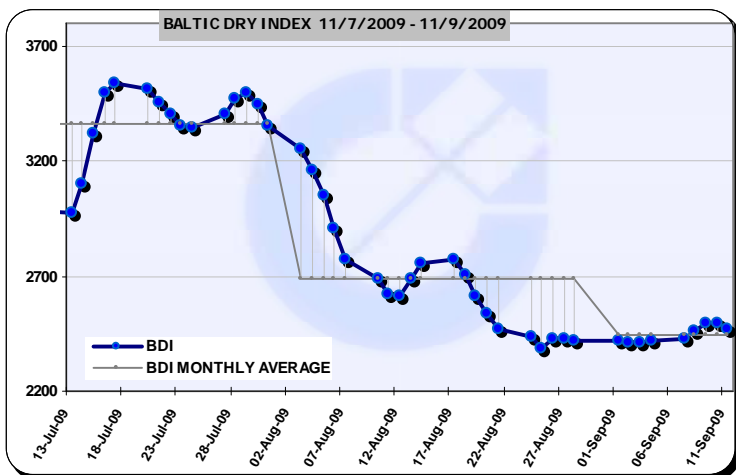


37th Week - Dry Cargo Market "Highlights"

■ The **Baltic dry index (BDI)** closed on Friday the 11th of September 2009, showed some signs of life after 2 weeks that made us feel it was on a "flatliner"... This week it gained just **2.19%** on a week-to-week comparison, and has added **53** points during this current week closing at **2,468** points. The Baltic Dry Index looks once more stuck for more than 4 weeks around the 2400-2500 point mark causing seriously a heavy slowdown in the dry bulk ship Sale and Purchase market.



As we mentioned last week too, It has made many potential buyers sceptical and indecisive to invest. What were the economic highlights of this week?

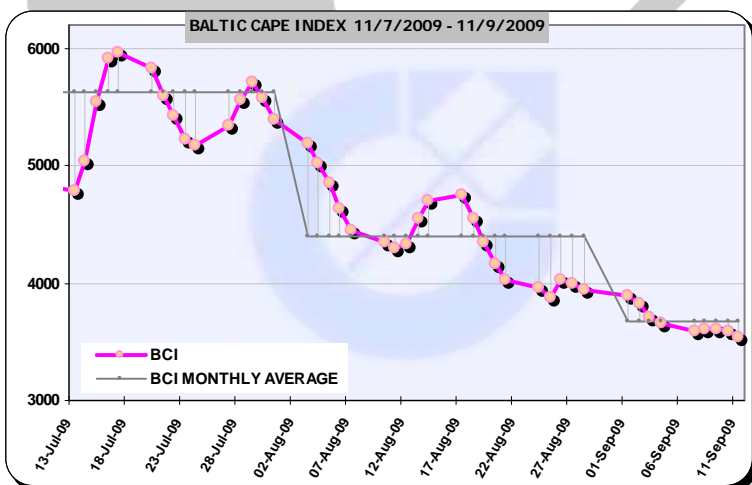
The big slide down in the U.S. Dollar, the run-up to new yearly highs in precious metals and currencies against the Dollar and as stock markets around the world race to new yearly highs some confusion is generated by this rally in both metals and stocks at the same time, while the Dollar is falling along with Crude Oil and food grain prices.

Gold closed above 1000 for the first time since February 2009, and levels over 1000 were only seen once more in March 17, 2008. In other words, this is the third time it has happened. But we doubt it will be the last. Then the Euro climbed above 1.4600 for the first time since Dec 2008, while the U.S. Dollar fell to a new low for this year, down to 76.44 a figure which is not far from its all-time low recorded in Mar 2008, and as the Dollar falls, more and more investors are starting to get very nervous affected by the forex pain, and increasing cost of running a company that earns Euro's while a significant amount of Opex is in Euro.

Current financial market peaks and yearly highs, causes too much euphoria which under these current prevailing economic conditions make everyone wonder what really comes next.

CAPE SIZE MARKET

■ The **Baltic Cape Index (BCI)** closed on Friday the 11th September 2009 at **3,539** points with a loss of **-3.07%** or **-112** points. Previous week's closing was 3651. The yearly average of the BCI currently stands at 3667 points but the overall trend is on a heavy decline since April 2009.



Australian Iron Ore exports has hit a record 88.8 million tonnes while Chinese Iron Ore inventories are on the rise with a reported 73.17 million tonnes of iron Ore being stockpiled and at the same time Chinese steel output hits a record 52.33 mil tonnes marking a fifth monthly rise and 616 million tonnes on an annualised basis, boosted strongly by Beijing's massive internal stimulation plan and improving export demand. Steel exports rose by 15% from July making China, the world's biggest steel producer, into a net exporter for the first time since Feb 2009. International demand is starting to pick up in Japan, Korea and Europe in general. Prices of iron ore and major steel products have stabilised since

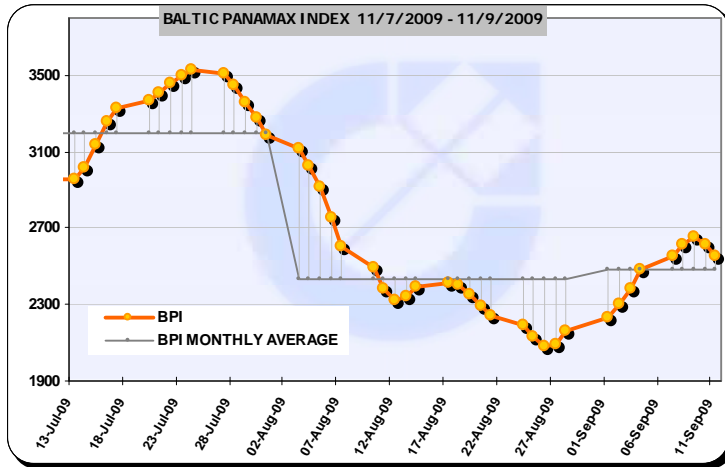
last week, as a slew of economic data including industrial output, fixed-asset investment and credit lending reassured investors that China's economy, the world's third-largest, is on a solid recovery track.

This week's Capesize T/C average rate calculated by N. Cotzias Shipping Consultants from all T/C fixture data that are reported during the current running month severely increased by **13.8%**, to **\$39,688** during this week, from \$34,875 which was last week's average. Reason for this surprising increase can be the very small sample of fixtures we had as only Four (4) cape T/C fixtures were reported this week, and the daily rates as seen in our separate fixtures report for Cape this week, high/low margins ranged from \$33,000 (M/V "Aigaion" 169.7k/07blt/Bunge – for 33/34 months trading) up to \$57,000 (M/V "Alpha Prudence" 177.8k/08blt/Grand China – Swiis Marine relet for a trip via Brazil).

No capes reported sold this week too...!

PANAMAX MARKET

■ The Baltic Panamax Index (BPI) made a minor move upwards this week and closed on Friday the 11th of September at **2,550** which is **up by 2.57%** or **64** points more than 2486 points which was last Friday's the 04th of Spetember closing. For this running week the Cotzias calculated Panamax T/C average rate, for one more week went marginally down by **-0.5%** this week to **\$19,170** from \$19,264 which was last week's Panamax average. Looking at units chartered on period this week we see an average number of 50 Panamax vessels that were chartered on Period and T/C's.

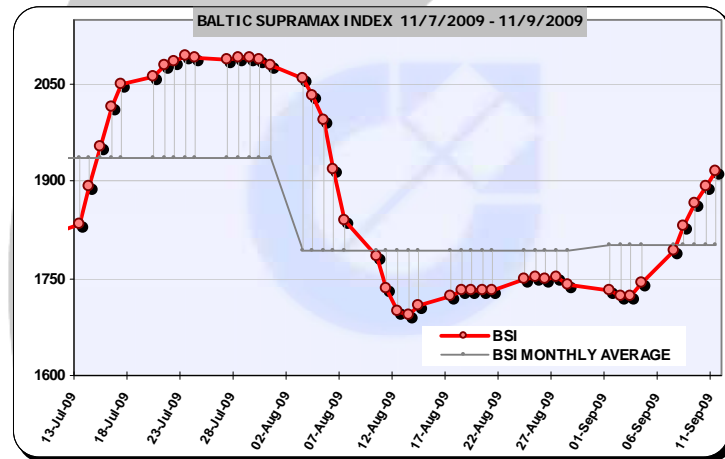


daily) up to \$30,750 for the (M/V "Geosand" 74.4k/05blt/ GMI for a trip via St. Lawrence).

In the Panamax sector we had no sales to report this week.

SUPRAMAX & HANDYMAX MARKET

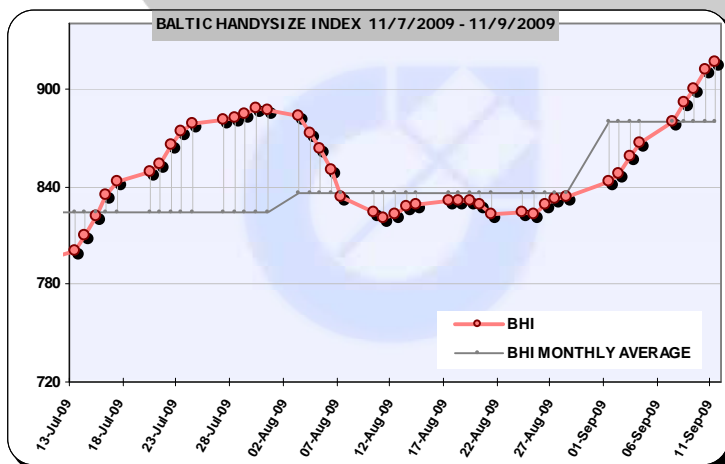
■ The Baltic Supramax Index (BSI) for once more closed with yet another increase but this week it has performed a super run. It closed at **1917** points on Friday the 11th of September 2009. It has gained this week **+10.05%** or a **good +175** points based on the previous closing of 1742 points we had last Friday the 04th of September 09.



This Month's Supramax Time Charter Cotzias rate average is calculated marginally down at **\$18,839** or **-0.67%** down from \$18,967 which was last week's Supramax average. If we look at the BSI curve all year for 2009, we see a very positive overall trend prevailing. We are approaching the 2000 point mark and this week gave it the necessary boost. The supramax market is a market with the lowest average age of vessels and also this week has shown considerable increase in the number of chartered vsls as well as rates.

A very high number of **26** Supramaxes were on T/C this week, which in terms of volume/rate is rather improved over previous weeks. The daily rates in the fixtures reported this week, for Supramaxes ranged from \$9,000 (for the M/V "Nantor" 53k/09blt/ Undisclosed Charterer for a T/C trip via Indonesia) up to \$33,500 (for the M/V "Speedwell" 50.5k/03 blt / Pacbasin for a T/C trip)

■ The Baltic Handysize index (BHI) after 2 weeks of stabilizing around the 825-835 margin started to shoot up this week and closed on Friday the 04th September 2009 up at **867** points and this represents a gain of **4.08%** or **34** points. However and despite the rise in the index this week's Handysize Time Charter went down by **-6.69%** this week to **\$14,200** from \$15,217 which was last week's average. Even lower than last week, only 4 Handymax vessels were reported on T/C this week and the weekly T/C daily rates fixtures for Handy sized vessels ranged from \$11,000 (for the M/V "Tu Qiang" 47.3k/98 blt / Chart Not reported for a T/C trip) up to \$21,000 (for the M/V "Konkar Georgios" 46.7k/97 blt / Undisclosed Charterer for a 2 laden legs).



Regarding the Handies' and Supras' Sales activity of the past week we can say that the only serious biz to report were the 2 Norden 56k Mitsui resales that are slated for dely in Sep and Nov 2009 and went for 37.1mil and \$36mil to Ikaros and Nomikos of Greece. We understand that both prices paid are on the high side, compared to other resales in the low 30's. Both vessels are part of a serious and extensive Newbuilding programm that Norden has. Lets see some details: 33 NB's are scheduled/ordered for deliveries spanning until 2012. 27 Bulkers in total out of which 7 Supras are on order, 2 of which were resold this week. According to price data recorded

and provided to us by N. Cotzias Shipping Consultants, they should have been contracted for any price between \$41-\$48mil so we understand these transactions have some kind of cost element for Norden, but then again turning “liabilities” (with or without the “quotations” to cash may well have the benefit of stronger and immediate buying power and the flexibility of having the cash for strategic acquisitions. We expect to see some more resales being generated and proposed by Norden and these will be some market hotcakes mainly in the 32 and 38k dwt size segment where they have more than 11 units on order from Korean and Chinese yards.

DEMOLITION MARKET – The scrap market after having a tremendous run in August and week 36 of 2009, has slowed down at least in the Bulker side. A reduced number of BC/MPP/Tween units have gone for demo, following the wait and see stance that in general is prevailing in the ship Sale and Purchase markets.

That does not mean that scrap activity is down, by all means, 20 units have been reported sold for demo this week, and these include some VLCC’s that definitely will slow down the Bulkers intake, as simple maths show us that the lightship of 3-4 Panamax/Handy ships are all included in a heavy, old and currently unemployed if not underemployed VLCC!! So expectation is that if the tanker market continues to move the VLCC’s on voyages that have such heavy daily losses, the Bulkers Containers and Roro’s scrap demand will be reduced.

Bangladesh is bound to increase their activity as they are the primary buyers/breakers of large tanker ships and it is no surprise that all 7 VLCC’s that have been absorbed from the market this year have gone to Bangladeshi breakers and prices stand at abt \$360 per tonne.

India continues to attract smaller dry cargo units and offers around \$305-\$315 per ldt, with Pakistan on the same levels if not abit higher ar \$310-320 per ldt, while China is lagging behind in price offered with levels of high 200’s above \$280 per ldt.

Dry cargo scrap sales for week 37:

ALINDA	BC	1977	MITSUI TAMANO	28,310	6,456	\$305	INDIA
TENORA	BC	1977	JAPAN	22,016	6,601	\$311	BANGLADESH
XIANG RUI MEN	MPP	1977	JAPAN	21,530	6,740	\$315	PAKISTAN
THOR MASTER	MPP	1982	POLAND	17,298	6,689	\$317	INDIA

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